

April 5, 2013

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 11-42 Lifeline and Link Up Reform and Modernization
WC Docket No. 03-109 Lifeline and Link Up

NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

This letter is submitted on behalf of TracFone Wireless, Inc. ("TracFone"). TracFone is aware that the Commission's Lifeline program in general and wireless Lifeline programs in particular have been criticized by some, including certain Members of Congress. Indeed, there have been legislative proposals to prohibit Universal Service Fund ("USF") support for wireless Lifeline services such as the highly successful no charge SafeLink Wireless[®] Lifeline program operated by TracFone. We understand that the Commission remains concerned about waste, fraud, and abuse in the Lifeline program and that it may take further actions to prevent waste, fraud, and abuse. As a major provider of Lifeline service and as a contributor to the USF, TracFone shares those concerns and has actively supported the Commission's Lifeline reforms. It has also submitted proposals for additional reforms to prevent fraudulent Lifeline enrollment and to conserve USF resources. For example, TracFone has requested that Lifeline providers be required to retain and make available for audit copies of documentation of program-based Lifeline eligibility submitted by applicants for enrollment. It also has suggested a prohibition on the in-person distribution of wireless handsets. In addition, TracFone continues to work with state government departments and agencies throughout the nation to arrange for access to state eligibility databases until such time as a national Lifeline eligibility database becomes available. TracFone continues to believe that these additional reforms would further limit fraud and would result in additional savings beyond the substantial program savings already realized, including the \$214 million in savings realized during 2012 and the \$500 million in projected savings during 2013.

In determining whether and how to respond to critics of wireless Lifeline, including Congressional critics, it is important that the Commission remain focused on how the programming is achieving its statutory purpose of making available to all Americans, including low-income households, affordable telecommunications service, and doing so in a competitively and technologically neutral manner. With more than three million enrolled SafeLink Wireless[®] customers, TracFone is a leading provider of Lifeline service. In March 2013, it had a survey of

its Lifeline customers conducted by CRM – Market Research. Approximately 15,000 SafeLink Wireless[®] customers were contacted. Of those contacted, more than 1,100 responded. The responses provide important insights into the program:

- 70% of respondents indicated that having Lifeline-supported wireless service enabled them to pursue employment and remain employed;
- 95% of respondents indicated that Lifeline service enabled them to remain in contact with family and friends, as well as employers;
- 43% are older than age 56 (nearly 20% are older than 66)
- Only 26% of enrolled Lifeline customers are employed; only 13% are employed on a full-time basis. (Stated conversely, 74% of those receiving SafeLink Wireless[®] Lifeline benefits are not employed and 87% are employed on less than a full time basis);
- 33% of SafeLink Wireless[®] customers have 3 or more children; and
- 10% of SafeLink Wireless[®] customers are veterans of the U.S. armed services.

These data are important. They demonstrate that many Lifeline customers are unemployed or undeemployed, are supporting multiple children, and have served their country. The data also show that Lifeline-supported wireless service is invaluable in helping qualified persons seek employment and in staying in contact with family and friends. The latter is especially important for the substantial number of Lifeline subscribers who are senior citizens.

Another aspect of the SafeLink Wireless[®] customer survey is significant. 65% of those responding indicated that they found wireless Lifeline service to be more useful than wireline service at their residences. TracFone is not suggesting that wireless Lifeline is more beneficial to qualified low income households than is wireline service. That is a choice for consumers to make. When afforded such choices, many Lifeline-eligible households will elect to enroll in a wireless program such as SafeLink Wireless[®]. Others will opt for wireline service provided by their local exchange carriers. The point is that, as a result of the Commission's approval of wireless Lifeline providers as well as the many state designations of wireless ETCs, consumers throughout the nation have that choice. The Commission should remain mindful of the importance of consumer choice for all telecommunications services, including services used by low-income households, and should resist imposition of rules and policies which would deprive consumers of such choices.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically. If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,



Mitchell F. Brecher

Ms. Marlene H. Dortch
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cc: Hon. Julius Genachowski
Hon. Robert M. McDowell
Hon. Mignon Clyburn
Hon. Jessica Rosenworcel
Hon. Ajit Pai
Ms. Julie Veach
Ms. Kimberly Scardino
Mr. Jonathan Lechter